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SUBJECT: GERMAN REQUEST CONCERNING KOMID FINANCIAL
ACTIVITIES IN GERMANY

REF: A. BERLIN 3259
[1](#)B. STATE 182889

Classified By: Minister-Counselor for Economic Affairs Robert F. Cekuta
, for reasons 1.4 (b) and (d).

[1](#)1. (S) Global Affairs officer met Christian Mayer, deputy director of the German Finance Ministry's Division for Monetary Transactions and Prevention of Money Laundering and Terrorism Financing, November 24 to follow up ref B demarche and the Germans' interim reply (ref A). Mayer said relevant German Government offices had discussed the points in the demarche and are sympathetic to our concerns. However, he said they are unable to act due to legal constraints and the need to provide further information to Germany's Deutsche Bank.

[1](#)2. (S) First, Mayer said, it may not be apparent to Deutsche Bank that the ultimate beneficiary in this case is the DPRK's Korea Mining Development Trading Company (KOMID), since payment for the transaction was first to be made through an account held by China Merchants Bank. Second, Deutsche Bank would have no legal obligation to freeze KOMID's assets, because KOMID is not yet listed on UNSCR 1718's annex of targeted entities. Nor is it on the EU's list of targeted entities. Third, because payment for the transaction is to occur when the China Merchants Bank pays KOMID in Beijing, Germany has no jurisdiction. Mayer said that if the China Merchants Bank had legally established the account at Deutsche Bank and the customer wanted to withdraw funds from it, the German Government could not prevent the German bank from transferring the funds.

[1](#)2. (S) Mayer suggested the best way to approach the issue would be to disclose the U.S. information to Deutsche Bank. He said that Deutsche Bank is mindful of the provisions of U.S. Executive Order 13382 and would wish to avoid U.S. actions against it. However, Deutsche Bank needs to know that KOMID is the beneficiary of the financial transactions in question. Mayer requested that the USG provide the necessary information on KOMID in a message releasable to Deutsche Bank.

[1](#)3. (S) While providing additional information to Deutsche Bank as requested by Mayer remains an option, post is unconvinced that the German Government cannot weigh in with the bank. Indeed, our understanding is that there is precedent for the German Government -- the Finance Ministry and other ministries -- to advise informally German financial institutions about potentially improper transactions. Post will accordingly continue to press the German Government to act against KOMID and raise the issue with higher levels in the German Finance Ministry.
TIMKEN JR